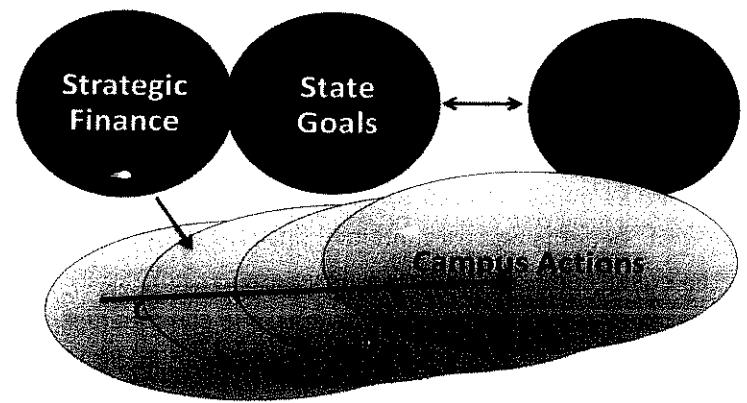


California State Assembly Joint Committee on the Master Plan for Higher Education

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AGB/Lumina Governance for Student Success Project: The U.S. cannot reach its college attainment goal without significant changes in both the financing and delivery models of its higher education systems and institutions.

Making such significant changes requires:

- Commitment from states and institutions to transform higher education's financing and delivery models, and
- **Greater leadership and strategic (as well as fiduciary) involvement from Boards of Trustees and state policy leaders** to (a) establish and monitor strategic goals with corresponding quantitative indicators and (b) in partnership with the chancellor or president, create the necessary conditions and accountabilities for successful goal achievement.

Strategic finance: *aligning financial decisions—regarding revenues, creating and maintaining institutional assets, and using those assets—with the institution's mission and strategic plan.*

Principles of strategic finance:

1. Integrate financial plans with mission-based strategic plans.
2. Take a future-oriented long-term view.
3. Focus financial, human, intellectual, and capital resources toward goal achievement.
4. Maintain or increase the balance sheet of all resources.
5. Each situation has a unique solution; there are no magic bullets.
6. Efficiency and productivity are necessary but not sufficient. Revenue growth and innovation are also required.

Our experience with many states suggests that California is both the most essential and the least ready to deliver results for increased attainment goals. Some say "dead last."

California knows what to do (e.g., recommendations from Callan, Wellman, LAO, Public Policy Institute, and others). The problem is that California is not doing it.

Progress to date does not reflect those recommendations. Instead we see relatively conservative and fragmented responses, a primary focus on the need for more state money, and constituent backlash that would cow even the most popular and courageous leader.

This is a systemic issue at the state level, not attributable to segments or individual leaders. California needs to re-energize state policy capacity to articulate goals, monitor performance, and track resource use versus public priorities.

1960 Master Plan: organized institutional types and student flow (structural)

2010 Master Plan: shape and support results-driven change (dynamic)

Ohio: Statewide Chancellor set three goals in 2008-2017 strategic plan: educate more college graduates, keep more graduates in Ohio, and attract more degree holders from out of state.

Ohio strategies include diversifying educational options; providing institutional tuition flexibility; offering dual admission to two- and four-year campuses; upgrading and integrating the technology infrastructure; establishing a system for productivity increases; and managing to 20 statewide measures of success. Financial benefits and prevention of financial loss policies encourage participation in achieving the three goals.

The comprehensive **Wisconsin** university system, led by its president, has had a long-term Growth Agenda since 2006 with three goals: to grow people, jobs, and communities. Each goal has strategic indicators and processes to ensure that institutions help achieve the indicators. A multi-faceted financing plan to support the goal of more graduates is under development. Wisconsin is also encouraging innovative solutions, treating them as learning experiences.

If California responds like other states, higher education will meet the challenges through:

- **Creating a statewide results-driven culture**
 - Willingness to change at the state, system, and institutional levels to create a vibrant state and nation
 - Synergistic state, system, and institutional focus, commitment, encouragement, and accountability
 - Unprecedented transparency at all levels, coupled with unprecedented proactive, two-way communication among all internal and external constituencies
- **Maximizing asset utilization**
 - Strategic allocation of all current and future fiscal, human, and capital resources to key goals, such as
 - Data-driven analysis of unit costs as key decision drivers
 - Unprecedented productivity of dollars and of time
 - Strategic investment in capacity-building and innovation designed to help achieve goals
 - Significant academic changes, such as course standardization, reduced course inventory, staggered term schedules, condensed programs
 - Administrative and academic innovations, such as
 - Credit based on outcomes, not seat time
 - Mass customization of learning
 - Extensive interdisciplinary restructuring
 - Extensive outsourcing
- **Maximizing revenue**
 - Maximum feasible effort from all current funding sources
 - Creative new financial strategies, customized by institution and system

	State	Higher Education Segments and Institutions
Role	Create the conditions for change: state leadership source, restructure key dynamics, invest with accountability	Create more value for California Create the future for people, state, and nation
Results-driven culture	Top priority goals with indicators Delegate authority and responsibility Transparency, communication	Plan to achieve results/indicators Achieve desired results Transparency, communication
Maximize asset utilization	Decentralize Reward desired results Support innovation	Decentralize Achieve desired results Innovate
Maximize revenue	Supportive tuition policy Invest in state's civic and economic vitality	Enroll, retain, graduate Innovate, partner, create Deliver quality and value